

## **Assembly Bill No. 1951**

### **CHAPTER 784**

An act to amend Sections 50705, 50708, and 53545.9 of, and to repeal Section 50707 of, the Health and Safety Code, relating to housing, and making an appropriation therefor.

[Approved by Governor September 29, 2012. Filed with  
Secretary of State September 29, 2012.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 1951, Atkins. Housing bonds.

Existing law, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds to finance various housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, housing-related parks, and transit-oriented development programs. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury and requires the sum of \$1,500,000,000 to be deposited in the Affordable Housing Account, which the act establishes in the fund. The act continuously appropriates the money in the account in accordance with a specified schedule that requires, among other things, the transfer of the sum of \$100,000,000 to the Affordable Housing Innovation Fund, which the act establishes in the State Treasury, to be administered by the Department of Housing and Community Development. Existing law requires the funds in the Affordable Housing Innovation Fund to be allocated in the amount of \$50,000,000 for the Affordable Housing Revolving Development and Acquisition Program, of which \$25,000,000 would be made available to the Loan Fund and \$25,000,000 would be made available to the Practitioner Fund; \$5,000,000 for the Construction Liability Insurance Reform Pilot Program; \$35,000,000 for a local housing trust fund matching grant program established under a specified provision of existing law; and \$10,000,000 for the Innovative Homeownership Program.

This bill would repeal the provisions relating to the Practitioner Fund and make conforming changes. This bill would delete the provisions establishing the Construction Liability Insurance Reform Pilot Program. The bill would delete the provisions that require \$50,000,000 be allocated from the fund to the Affordable Housing Revolving Development and Acquisition Program, and, instead, require that \$25,000,000 be allocated from the fund to the Affordable Housing Revolving Development and Acquisition Program. The bill would transfer \$30,000,000 from the fund to a newly created subaccount within the Housing Rehabilitation Loan Fund, and would continuously appropriate those funds to the department for the Multifamily Housing Program, as specified.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 50705 of the Health and Safety Code is amended to read:

50705. (a) The Affordable Housing Revolving Development and Acquisition Program is hereby established for the purpose of funding the acquisition of property to develop or preserve affordable housing. The program will be comprised of a Loan Fund.

(b) The department shall adopt guidelines for the operation of the program. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The department shall adopt regulations for the program prior to issuing any request for qualifications funded with loan repayments or any other sources.

SEC. 2. Section 50707 of the Health and Safety Code is repealed.

SEC. 3. Section 50708 of the Health and Safety Code is amended to read:

50708. The department shall collect all of the following from each borrower and include a summary of this information in its last annual report submitted to the Legislature on or before December 31, 2013, pursuant to Section 50408:

(a) A general description of activities undertaken pursuant to this chapter.

(b) For each property acquired, the acquisition price; the amount and terms of the nonstate funds leveraged, and a statement as to whether the state acquisition funds were essential to the leveraging of these other acquisition funds; a description of the expiration date of the project's rent or sales restrictions; the number of assisted units created or preserved; the amount of state funds required for each assisted unit created or preserved; and the level of affordability maintained.

(c) If any borrower sells any property acquired with assistance through these state funds, a description of the name and location of the purchaser, the purchase price, and the total transaction costs.

(d) An overall assessment of the effectiveness of these funds as tools in creating and preserving affordable housing.

SEC. 4. Section 53545.9 of the Health and Safety Code is amended to read:

53545.9. Of the one hundred million dollars (\$100,000,000) transferred to the Affordable Housing Innovation Fund established in the State Treasury under subparagraph (F) of paragraph (1) of subdivision (a) of Section 53545, the following amounts shall be allocated as follows:

(a) The department shall make available the amount of twenty-five million dollars (\$25,000,000) for the Affordable Housing Revolving Development and Acquisition Program established pursuant to Section 50705.

(b) The department shall make available the amount of thirty-five million dollars (\$35,000,000) for the local housing trust fund matching grant program established under Section 50843.5. The department shall make available 50 percent of this amount exclusively for newly established housing trust funds.

(1) When awarding grants from the funds allocated under this subdivision to existing trust funds, the department shall grant preference to a housing trust fund that agrees to expend more than 65 percent of state funds for the purpose of downpayment assistance to first-time homebuyers.

(2) When awarding grants from the funds allocated under this subdivision to newly established housing trust funds, the department shall set aside funding, for a period of 36 months from the date funds are first made available, for newly established housing trust funds that are in a county with a population of less than 425,000 persons, based on the decennial United States Census for the year 2000.

(3) (A) Notwithstanding any other law, funds set aside for newly established housing trust funds shall be available for encumbrance for 42 months after the date the funds are first made available and disbursements in liquidation of the encumbrance shall be made before or during 48 months after the date funds are first made available.

(B) Notwithstanding subparagraph (F) of paragraph (1) of subdivision (a) of Section 53545, any funds not encumbered for newly established housing trust funds within 42 months after the date the funds are first made available shall revert to the Self-Help Housing Fund created by Section 50697.1 and shall be available for the purposes described in subparagraph (D) of paragraph (1) of subdivision (a) of Section 53545.

(c) The department shall make available the amount of ten million dollars (\$10,000,000) for the Innovative Homeownership Program, which the department shall develop and implement as follows:

(1) The program shall be designed to increase or maintain affordable homeownership opportunities for Californians with lower incomes.

(2) The department shall adopt guidelines for the program that, among other things, shall maximize the number of units assisted, limit the expenditure of funds for administrative costs, and maximize the leverage of public and private financing sources.

(3) The guidelines adopted by the department shall provide for the issuance of a notice of funding availability soliciting competitive proposals for the use of funds consistent with those guidelines and with subparagraph (F) of paragraph (1) of subdivision (a) of Section 53545.

(4) The guidelines adopted by the department shall not be subject to the requirements of Chapter 6.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(5) The department shall include within the annual report required under Section 50408 a detailed summary and description of the manner in which funds made available under this subdivision were expended during the previous year and a statement regarding the manner in which those expenditures meet the intent of the Legislature and the voters that funds from the Innovative Housing Fund be expended in support of innovative, cost-saving approaches to creating or preserving affordable housing.

(d) (1) The amount of thirty million dollars (\$30,000,000) is transferred from the Affordable Housing Innovation Fund to a subaccount, which is hereby created, within the Housing Rehabilitation Loan Fund.

Notwithstanding Section 13340 of the Government Code, the moneys transferred to the subaccount shall be continuously appropriated to the department for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31.

(2) The department shall provide for the issuance of a notice of funding availability soliciting competitive proposals for the use of the funds appropriated in paragraph (1). The notice of funding availability shall provide that the department will consider persons with developmental disabilities, including, but not limited to, those with autism, and homeless veterans as special needs populations for purposes of granting bonus points to developments serving special needs populations.